



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

October 8, 2009

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich
[Signature]
From: William T Fujioka
Chief Executive Officer

QUARTERLY REPORT ON COMMUNITY REDEVELOPMENT AGENCY (CRA) ACTIVITY (THIRD QUARTER 2009)

In response to the increased level of CRA activity in the County and the Chief Executive Office's (CEO) augmented role in analyzing and scrutinizing these activities, we provided your Board with an initial "Quarterly Report on CRA Issues" on October 12, 2000. Attached is the latest Quarterly Report covering activities during the third quarter of the calendar year. As we indicated in our initial report to your Board, and consistent with the Board-approved policies and procedures, the CEO works closely with the Auditor-Controller, County Counsel, and appropriate Board offices in: analyzing and negotiating proposals by redevelopment agencies to amend existing redevelopment agreements; reviewing proposed new projects for compliance with redevelopment law, particularly blight findings and determining appropriate County response; and ensuring appropriate administration of agreements and projects.

The attached report reflects a summary of the following activities during the quarter:

- Notifications provided to the Board regarding new projects;
- Board letters/actions; and
- Major ongoing issues and other matters, including litigation.

Please let me know if you have any questions, or your staff may contact Robert Moran at (213) 974-1130.

WTF:LS
DSP:RTM:ib

Attachment

c: Auditor-Controller
Acting County Counsel

K:\CMS\CHRON 2009 (WORD)\CRA Quarterly Report 3_09_Brd memo.doc

"To Enrich Lives Through Effective And Caring Service"

**Please Conserve Paper – This Document and Copies are Two-Sided
Intra-County Correspondence Sent Electronically Only**

COMMUNITY REDEVELOPMENT AGENCY (CRA) ISSUES
Quarterly Report – Third Quarter 2009

New CRA Projects - Routine Notifications/Reports Provided to Board

CRA Projects	District	Type of Notification	Date
None			

Board Letters/Actions During Quarter

CRA Projects	District	Action	Date of Board Action
City of Baldwin Park Amendment to Central Business Dist. Project	1 st	Proposed Amendment	July 21, 2009
Lawndale Project	2 nd	Subordination Resolution	September 29, 2009

Major Ongoing or Emergent CRA Issues

Commerce (First District)

Issue: The City is proposing an increase to the lifetime dollar cap of Project Area No. 1.

Status: The CEO informally expressed concerns to the City that there is little evidence of significant remaining blight, or nexus between the requested cap increase and the projects proposed to eliminate the remaining blight. County staff has requested additional information in order to fully analyze the City's proposal.

El Monte (First District)

Issue: The City proposed changes to its Downtown Redevelopment Project in order to allow for the development of a transit-oriented project. The proposed changes include a ten-year extension of the Project and adjustments to the County pass-through share of tax increment in order to fund infrastructure improvements.

Status: The CEO informed the City that any recommendation to the Board regarding a contribution of County tax share would be in the form of a loan, which would require repayment in the out years. Also, the County's real estate consultant will be required to review the developer's plans.

City of Industry (First District)

Issue: The City sponsored a bill (SB 1771) in 2008 to extend its three redevelopment projects by ten years. The extensions would have a very significant negative impact on the County's future share of tax increment.

Status: Your Board and other officials expressed concern to Legislative representatives. At the bill's first hearing, the author withdrew the bill. The City is moving forward with its NFL Stadium project. The CEO will continue to monitor legislation for the inclusion of any proposals to extend redevelopment projects in exchange for some short-term benefit to the State. The long-term negative impact to the County, State, and all other taxing agencies would be tremendous.

Los Angeles (Second District)

Issue: The City is seeking County assistance to redevelop the Crenshaw project area.

Status: CEO staff informed the City that any contribution of County tax share will be in the form of a loan, which will require repayment in the out years. Also, the County's real estate consultant will be required to review the developer's specific plans. CEO staff will work with CRA/LA staff on this proposal.

Santa Fe Springs (First District)

Issue: The City is proposing to add new areas to existing redevelopment project areas.

Status: The CEO, in conjunction with County Counsel and an independent redevelopment consultant, concluded that the City's proposal is not consistent with Community Redevelopment Law due to inadequate findings of blight. CEO staff submitted its Statement of Objections. On September 8, your Board approved the authority to legally challenge the proposal. County Counsel recently filed the initial legal brief.

Litigation

Glendora (Fifth District)

Issue: The City adopted Project No. 5 on July 18, 2006. The Project would merge three of the City's existing redevelopment areas; increase the tax increment cap on one of the existing projects; establish a new redevelopment project; and reestablish the authority to use eminent domain in the existing project areas.

Status: The County filed a lawsuit objecting to the Project, and the Trial Court ruled in favor of the County. The City filed an appeal and the County filed its response to the City's opening brief. A State budget trailer bill included a provision that would nullify the most financially significant aspect of the decision by guaranteeing Glendora's Project No. 3 a minimum of \$2.6 million annually. The County petitioned the Court of Appeal to rule on the legality of this maneuver.

Los Angeles - City Center and Central Industrial (First and Second Districts)

Issue: The Agency adopted the City Center Redevelopment Project on May 15, 2002, and the Central Industrial Project on November 15, 2002. Both projects included areas which were formerly in the existing Central Business District (CBD) Project, which reached its court-validated (Bernardi) project cap.

Status: Your Board authorized challenges to these projects, and trial court judgments were in favor of the County. Both judgments were appealed, and the Court of Appeal said that both projects were partially invalid, so far as they sought to divert property taxes from former CBD areas. The County agreed to a settlement: the CRA will not receive tax increment from former CBD areas, but can receive tax increment from areas that were not formerly in CBD. For Fiscal Year 2008-09, the amount paid to the County General Fund for the City Center and Central Industrial Projects as a result of the settlement was approximately \$15.5 million.

Overall CRA Statistics

Active CRA Projects	315
Pending CRA Projects	12